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Site: Martha C. Rose  
 ID# M08980633069  
 Break: 13.3  
 Other:  
 8/13/86

The Kansas City Star, Wednesday, August 13, 1986

## Auditor reports in PCB trial Plant may have funds to help cleanup

By Andrew C. Miller

The Star's Washington correspondent

**W**ashington—A General Accounting Office auditor suggested today that the idled Martha C. Rose Chemicals Inc. in Holden, Mo., might have enough money to share in cleaning up PCB waste at the site, despite the company's denials.

Terry G. Tillotson, a Kansas City-based auditor for the congressional investigatory agency, said he viewed incomplete financial records and could not definitively say whether Rose Chemicals

could pay for some or all of the cleanup, previously estimated to cost in the millions of dollars.

But, he said, a "high level of cash receipts," increasing inventories of contaminated materials and increasing debt to an affiliated company makes it "appear that some money should have been available."

He testified today before the House Government Operations environment subcommittee into the Rose Chemicals plant, which lawmakers called the nation's largest PCB waste site. The company began a PCB disposal operation in 1982 and closed its doors in March.

Rose officials, who declined to testify today, have told the Environmental Protection Agency that it does not have the funds to pay for cleanup of the facility. A petition of involuntary bankruptcy has been filed against the company, but has not been granted.

PCBs, now banned, have been linked to skin, liver and nervous disorders and are suspected of causing cancer and birth defects.

Rep. Albert G. Bustamante, a Texas Democrat, said it appeared the company had taken in millions of dollars and paid only 2 percent or 3 percent of it in fines for violations of EPA regulations.

Rep. Mike Synar, an Oklahoma Democrat and the subcommittee chairman, called the Holden case, "a frightening story" of how a "company with questionable integrity collected millions of dollars for services never performed."

He called it an example of how the federal government has "failed in its responsibility to insure a safe and healthy environment."

Mayor Francis Brillhart of Holden criticized EPA officials, saying several phone calls yielded few results.

In 1984 and 1985, Mr. Brillhart said he relayed numerous complaints from Rose employees to EPA officials. "Agency spokesman told me that Rose was a good company and was operating under government guidelines," he said.

More recent complaints to dispose of the PCB wastes have not been successful either, he said. "We have not seen any action of anything going on except we have seen security guards," he added.

A former shift supervisor at Rose, Ralph Duane Cole Jr., said Rose officials always had three or four day's notice of EPA plant inspections.

After receiving warning of an inspection, he said, "we'd do nothing but clean the plant. It would be spotless clean." He said there was a rumor that a top Rose official "had somebody in his pocket" at EPA who tipped the company off about the inspections.

Mr. Cole charged there were several violations of federal regulations at the plant, including the sale of oil contaminated with high levels of PCBs. He also said Rose employees were directed to

change labels on PCB barrels prior to EPA inspections.

In his testimony, Mr. Tillotson describe the financial relationship between Rose Chemical and several other companies. Walter C. Carolan of Kansas City owned 51 percent of Rose and was company president, he said.

In addition to controlling Rose, Mr. Carolan owns 100 percent of the stock in three other companies, American Steelworks Inc., Dust Suppression Systems, Inc. and W.C. Carolan Company Inc., Mr. Tillotson said.

He testified that American Steel and Dust Suppression shared the Holden facility with Rose Chemicals. American Steel employed the workers and provided the materials to conduct the PCB decontamination.

In examining bills from American Steel to Rose Chemical, Mr. Tillotson said overhead costs amounted to \$2.75 for every dollar of direct labor.

"I cannot comment on the appropriateness of the overhead charges," he testified. "However, it seems highly unusual for a company to charge more for overhead than they do for direct labor."

He said an examination of complete financial records for Rose from 1985 and 1986 "should shed light on the important question concerning Rose's financial position and ability to pay for all or some of the cleanup costs."

SUPERFUND RECORDS



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## More EPA tests to be conducted

By ERIC CRUMP  
Staff Writer

An Environmental Protection Agency testing team is expected to arrive today to do further tests on the toxic vapors in the warehouse at 18th and Penn streets, city officials said.

The building remained sealed after a two-man EPA emergency response team conducted tests at the site Saturday. They found dangerous levels of toxic fumigants present, but recommended that the four-man team from New Jersey be brought in with more sophisticated equipment.

Sgt. Jim Connors, police information officer, explained that the first team's suits were not designed to protect against the level of toxic material that was found in the basement of the warehouse.

"They measure the organic levels at several basic levels,"

he said. "Their suits apparently were made for levels B and C and the levels down there require an A suit. As a result, they could not spend a lot of time down there."

He said the new EPA team will have more sophisticated equipment that should be able to determine exactly what chemicals are present in the basement.

On a reassuring note, Connors said the first team's equipment did determine that the vapor

levels on the first floor of the building are within acceptable limits, which reinforces the city's belief that dangerous levels of fumes are not escaping into the environment.

City officials have taken several walk-around inspections of the building, but have not detected any unusual odor.

Officials will meet with an EPA official Monday afternoon to discuss the problem. They also plan to hold a neighborhood meeting Tuesday to share information with concerned citizens.

ST. JOSEPH, MO., GAZETTE, MONDAY, AUGUST 11, 1986

## 'Superfund' toxic waste fund going broke

Associated Press

WASHINGTON — Unless plans change, Congress will leave town this week for its August recess with the "Superfund" toxic waste cleanup program heading toward insolvency, with layoffs possible next month.

The battle against chemical dumps has been running at half speed for months because Congress missed an Oct. 1, 1985 deadline to renew the taxing authority that fuels the Environmental Protection Agency's biggest program.

According to EPA officials, the limping effort will soon grind to a

halt unless Congress quickly gives it money, either temporary financing or legislation to renew Superfund for five more years.

Russ Dawson, administrative assistant to EPA Administrator Lee Thomas, says the critical stage will come before Congress returns Sept. 8 from its three-week recess.

"Come Sept. 1, without additional funding we'll have to send out notices," Dawson said.

The Oct. 1, 1985 deadline was missed because the House and Senate were late in approving separate five-year reauthorization bills to strengthen and ex-

pand the often criticized dump cleanup effort that began in 1981.

Not until July 31 did Senate and House negotiators finally agree on a compromise to give Superfund \$8.5 billion for dump cleanups through 1991, more than five times the \$1.6 billion budgeted in the first five years.

This, however, was only half the battle. Still to be decided is the tough question of who will pay the taxes for a larger Superfund. The answer will come from a second group of conferees from the House Ways and Means and the Senate Finance committees.